



GLOBAL SERVICE/ INDUSTRY

The False Claims Act

Economic Crime Institute
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AUDIT / TAX / ADVISORY / LINE OF BUSINESS

Fraud Enforcement and Recovery Act (FERA) of 2009

Increased Funding for False Claim Act Investigations

- \$330 million over 2 years to DOJ/FBI
- \$40 million over 2 years to SEC
- \$40 million over 2 years to Secret Service

**In total, \$470 million for increased investigations from
2009 - 2011**

Recent Changes Impacting Frauds Against the Government

● A Brief History of the False Claims Act:

- The False Claims Act dates back to the Civil War when, in 1863, President Abraham Lincoln and the Congress enacted this law to combat procurement fraud.
- Unscrupulous defense contractors were billing the Union Army for:
 - dead mules,
 - boots with soles that had been glued on, rather than stitched (and were coming apart in the rain and mud),
 - gunpowder that had been salted down with sawdust.

FERA enhancements to the False Claims Act

- FERA expanded liability to virtually every recipient of federal funding (contractors, sub-contractors, any recipient)
- FERA expanded the protection of whistle blowers (not just employees, but contractors, competitors, etc.)
- FERA allows whistle blowers access to information gained from government subpoenas
- FERA expands the statute of limitations for FCA actions, specifying that government complaints "relate back" to earlier whistleblower complaints.

Earlier FCA Provisions Still in Effect:

- Qui Tam Relators
- Treble Damages

What does it mean for YOUR company or agency?

Increased Funding for Law Enforcement

Increased External Enforcement Activity

Increased Protection for Whistle-blowers

Significant Compensation for Whistle-blowers

Increased Transparency on Government Spending

Increased Federal Improper Payments Requirements (IPERA)

Uncovering Fraud, Waste and Abuse via the above initiatives may:

Point to a lack of Fraud Risk Management in your company or agency.